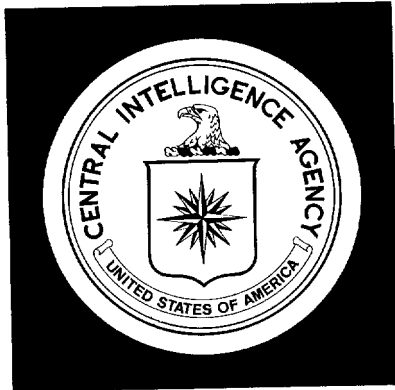


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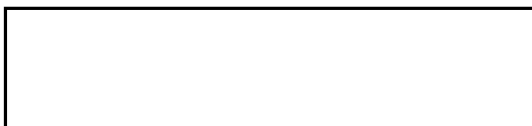


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ISLAMIC SUMMIT: Egyptian President Sadat has reportedly urged summit conference delegates from oil-producing countries to help relax the oil embargo on the US.

Ali Amin, editor of the influential Cairo daily Al-Ahram, told a US Embassy officer in Lahore that Sadat has avoided many of the public sessions at the conference in order to meet individually with delegations from the oil states. Amin indicated that all the delegates had agreed to recommend that the US be given "most favored nation" status at the next conference in Geneva of the Organization of Arab Producing and Exporting Countries. In a meeting later with reporters, Sadat announced the Arab ministers would meet next month and expressed his hopes for some relaxation of the oil ban.

Amin indicated that Sadat was confident that a disengagement agreement between Israel and Syria would be reached by the time Secretary Kissinger arrives in Egypt later this week. Sadat told the reporters that progress on Syrian disengagement would be a "good step toward easing everything." [REDACTED]

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SYRIA-ISRAEL: President Asad appears to be in a fairly strong position to negotiate a disengagement agreement with Israel on the eve of Secretary Kissinger's visit to Damascus.

The US Interests Section in Damascus has heard from a variety of sources that Asad has finally gained the approval of the leadership of the Baath Party to seek a disengagement accord and, if those efforts are successful, to attend the Geneva peace talks. Asad has reportedly also obtained the acquiescence of party leaders to support the lifting of the oil boycott against the US once disengagement has been achieved.

Asad, however, is not in a position to accept disengagement at any price. Many Syrians have attached considerable symbolic importance, for example, to regaining the town of Al-Qunaytirah, which was lost to the Israelis in 1967, then regained and lost again during the October war. Asad will, therefore, probably try to obtain the withdrawal of Israeli forces from the town during an early stage of disengagement. He is also likely to press the Israelis hard to allow Syrian refugees to return to those villages on the Golan Heights occupied during the October fighting, and perhaps those occupied during the 1967 war.

In addition, Asad is reportedly being pressed by Baath Party leaders to hold out for Israeli concessions on the "rights of the Palestinians." Asad is nevertheless said to be willing to defer discussion of this problem to the Geneva peace talks, and he has reportedly swung his support recently to the "moderates" within the Palestine Liberation Organization, led by Fatah chief Yasir Arafat. The "moderates" are trying to obtain fedayeen approval to set up a Palestinian government in exile that could negotiate at Geneva on behalf of all Palestinians for the establishment of an independent state composed of the Israeli-occupied West Bank and the Gaza strip.

(continued)

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Asad probably hopes that his support for Arafat and the achievement of an Israeli withdrawal from Al-Qunaytirah will undercut some domestic and foreign opposition, but Palestinian radicals and Baath extremists led by Foreign Minister Khaddam--supported primarily by the Iraqis--are said to remain strongly opposed to any negotiated settlement with Israel.

Tel Aviv, for its part, is prepared to begin negotiations on a disengagement of forces from Syrian territory occupied in the October war, but not that captured in the 1967 war, once it receives a list of Israeli POWs in Syria and is assured that Red Cross officials will be allowed to visit them. Prime Minister Meir reportedly told a group of Israeli settlers from the Golan Heights on February 8 that she could not envision an Israeli withdrawal from the Heights. She reiterated this stand again last week.

Mrs. Meir's recent decision to form a minority government probably makes her even less inclined to adopt a more flexible approach at this time. The stability of her government now more than ever depends on her conservative supporters, who are opposed to any Israeli withdrawal from the Heights. Tel Aviv may eventually be prepared to yield some territory if Israeli settlements--one of which is very near, but not in, Al-Qunaytirah--and their strategic hinterlands remain under Israeli control. [REDACTED]

[REDACTED]

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TURKEY: Within two or three weeks the Ankara government intends to reach a decision on revision of Turkey's ban on poppy production. During a long discussion of the subject with the US ambassador on February 21, Premier Ecevit emphasized, among other things, that:

--No elected Turkish Government could have imposed such a ban as did the "military-sponsored" administration of Nihat Erim, which had acquiesced to US pressure.

--Turkey did not regard the ban as the result of a US-Turkish "agreement"; the decision had been taken unilaterally by Ankara.

--The income that farmers derived from poppy cultivation was limited but nonetheless of critical importance.

--The Turkish public would not accept a continuation of the poppy-growing ban in Turkey at a time when Washington was asking India to grow more to meet a worldwide shortage of opium for medical needs.

With respect to the fourth point, the Premier was unmoved by the ambassador's explanation that increased Indian production would involve more efficient use of the same land already under production and that in India there was little chance of the opium's leaking into illicit international channels.

The ambassador believes that Ecevit would like to avoid resuming cultivation of the controversial crop. The Premier fears, however, that the US will not offer enough financial aid to enable him to weaken domestic opposition to the ban, especially that from suffering farmers, to whom Ecevit promised relief during the election campaign last fall.

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BURMA: The promulgation of a tough new narcotics law on February 20 indicates that Rangoon is interested in cooperating to a greater extent in international efforts to suppress drug trafficking. The law provides stiff penalties, including death, for involvement in the narcotics trade.

A substantial portion of the opium that appears in Southeast Asian narcotics channels originates in northeast Burma, but many of the poppy-growing areas and associated caravan routes are in insurgency-infested regions outside government control.

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SOUTH VIETNAM: President Thieu has retired several general officers and province chiefs as part of an on-going effort to streamline his government and weed out poor performers.

The retirement order affected at least ten generals and a handful of province chiefs, most of whom are army colonels. [REDACTED]

[REDACTED]

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Greater efficiency and the tighter centralization of day-to-day administrative operations under Prime Minister Khiem were among the major aims of the cabinet reorganization Thieu ordered early last week. Thieu has declared that one of the government's four major tasks is to "cleanse" itself of wrongdoers, and the desire to demonstrate action in this regard is unquestionably a major factor in the current military retirements. Another is the need to scale down the number of top-ranking officers, whose ranks have greatly increased as a result of promotions made during the war and since the cease-fire. [REDACTED]

[REDACTED]

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ISRAEL: Prime Minister Golda Meir announced last night that she no longer intends to hold open any cabinet positions for recalcitrant Labor Alignment ministers or for the party's former coalition partner, the National Religious Party. She renewed her appeal to Moshe Dayan and Shimon Peres to rejoin the cabinet, however, and announced that efforts to draw the NRP into the government will continue.

The Labor Alignment's central committee, including Dayan and Peres, has overwhelmingly ratified Mrs. Meir's decision to form a minority government drawn only from the party's remaining coalition partners.

According to press reports, the interim cabinet discussed Syrian-Israeli disengagement earlier in the day, and government sources have advised that Mrs. Meir will begin talks on this subject with Secretary Kissinger even if a new government is not formed. Israeli political observers, discounting the possibility that a minority cabinet would have difficulty beginning disengagement talks, state that the principles held by the present cabinet on this subject are shared by a majority of Knesset members.

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ARGENTINA: President Peron has told his followers in the Justicialist movement to resolve their ideological differences peacefully.

The government's recent efforts to eliminate Marxist terrorists and isolate leftist youth leaders have encouraged the right wing to become more active. Since Peron ousted the left-leaning governor of Buenos Aires Province last month, a number of right-wing elements in other provinces have intensified their criticism of allegedly leftist governors. Last week Peron met with several representatives of provincial parties to assure them that he had no intention of intervening in their affairs. He also told labor organizations to bring "infiltrators" to the attention of the Ministry of Interior and warned them not to act independently.

There is no indication that Peron intends to halt his moves against terrorists and leftist leaders he considers beyond the pale. His latest tactical shift, however, suggests that he realizes he must make some concessions to the moderate Peronist left if he is to retain the allegiance of this group.

[REDACTED]

FOR THE RECORD

Romania-Hungary: The Romanian party daily, Scinteia, announced on February 23 that Premier Maurer will pay an official visit to Budapest in the "following days" at the invitation of Hungarian Premier Fock. Maurer has been incapacitated by illness the past few months, and this will be his first foreign travel in 1974.

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